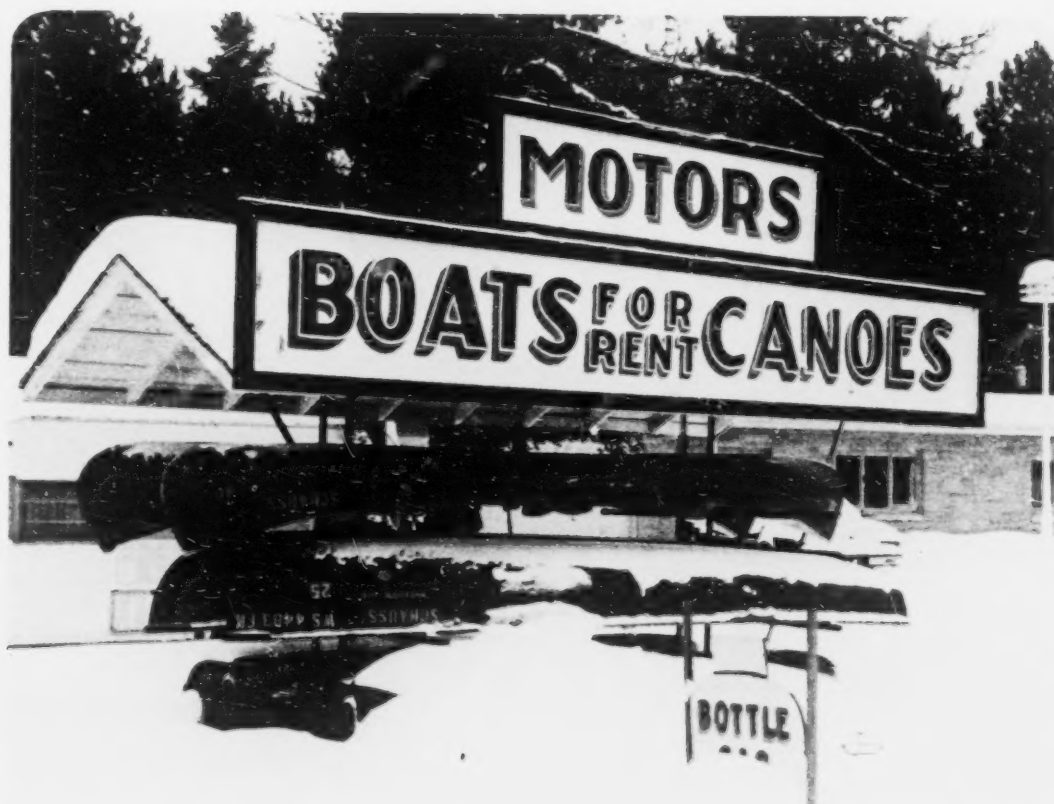


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WISCONSIN ECONOMIC INDICATORS

NOVEMBER 1985



DILHR

DEPARTMENT OF
INDUSTRY, LABOR & HUMAN RELATIONS

WISCONSIN DATA AND SOURCES

INDICATOR	SOURCE
L1 Composite Index of Leading Indicators	Wis. Dept. of Industry, Labor and Human Relations
L2 Average Work Week, Manufacturing	Wis. Dept. of Industry, Labor and Human Relations
L3 Average Overtime Hours, Mfg.	Wis. Dept. of Industry, Labor and Human Relations
L4 Average Weekly Initial Claims	Wis. Dept. of Industry, Labor and Human Relations
L5 Total Job Openings Received	Wis. Dept. of Industry, Labor and Human Relations
L6 New Business Incorporations	Wisconsin Secretary of State
L7 Net Gain in Business Phone Access Lines	Wis. Telephone Co. and General Telephone Co.
L8 Building Plans Examined	Wis. Dept. of Industry, Labor and Human Relations
C1 Help-Wanted Advertising Index (Milw.)	National Industrial Conference Board
C2 Total Unemployment Rate	Wis. Dept. of Industry, Labor and Human Relations
C3 Natural Gas Sales	Wisconsin Public Service Commission
C4 New Car Registrations	Wis. Department of Transportation
C5 Electric Power Sales	Wisconsin Public Service Commission
C6 Total Securities Registrations	Wisconsin Commissioner of Securities
C7 Manufacturing Employment	Wis. Dept. of Industry, Labor and Human Relations
C8 Average Weekly Earnings, Mfg.	Wis. Dept. of Industry, Labor and Human Relations
C9 Cash Receipts From Farm Marketing	U.S. Department of Agriculture
C10 Contract Construction Employment	Wis. Dept. of Industry, Labor and Human Relations
X1 Birth Registrations	Wis. Department of Health and Social Services
X2 Death Registrations	Wis. Department of Health and Social Services
X3 Natural Net Gain in Population	Wis. Department of Health and Social Services
X4 Marriage Registrations	Wis. Department of Health and Social Services
X5 Consumer Price Index (Milwaukee)	U.S. Bureau of Labor Statistics
X6 Index of Prices Received By Farmers	Wisconsin Department of Agriculture
X7 Net Gain in Residential Phone Access Lines	Wis. Telephone Co. and General Telephone Co.
X8 Labor Disputes, No. of Workers	Wis. Dept. of Industry, Labor and Human Relations
X9 Unemployment Compensation Exhaustees	Wis. Dept. of Industry, Labor and Human Relations

NOTES: Selected series are seasonally adjusted by the Bureau of the Census X-11 Variant of the Census Method II Seasonal Adjustment Program. The adjusted data are plotted on arithmetic scales.

SECTION A is a summary of recent data and current changes for all indicators and is presented in chart form. The indicators are presented with cyclical timing as the principle basis of classification.

SECTION B is a summary of Wisconsin Labor Force Estimates, including Employment, Unemployment and Unemployment Rates, and selected U.S. data.

SECTION C analyzes the Wisconsin labor force by industry and by specified Standard Metropolitan Statistical Areas.

SECTION D singles out certain economic time series as being leading or coinciding in relation to movements in aggregate economic activity. They are seasonally adjusted and presented graphically. The indicators are grouped by cyclical timing.

COVER PHOTO: Courtesy of Wisconsin Division of Tourism.

THE WISCONSIN ECONOMY

SUMMARY FOR OCTOBER

THE MAJORITY OF OCTOBER'S LEADING INDICATORS POINT TO INCREASED ECONOMIC ACTIVITY. WHILE WISCONSIN'S LABOR FORCE AND EMPLOYMENT LEVEL DECREASED, THEY DECLINED BY LESS THAN SEASONALLY NORMAL AMOUNTS.

LEADING INDICATORS

Production workers in Wisconsin's manufacturing industries spent slightly fewer hours on the job in October. The average workweek decreased by 0.2 hours. The workweek average usually decreases more than that in October. One year ago, the average declined by 0.6 hours.

The average workweek includes overtime hours, which had a corresponding decrease this month. Even with the 0.4 hour decrease in the average weekly overtime, October's 3.4 hours per week is unusually high and is exceeded this year only by the August and September averages.

The average weekly number of initial claims for unemployment compensation grew by nearly 1,600. That's lean growth, considering that October usually begins the year-end growth of claims that proceeds through December. One year ago, the average weekly initial claims level increased by nearly 4,300 per week.

Job openings received by state Job Service offices decreased substantially in October. Wisconsin employers normally do send fewer orders for workers this month, but even when factoring in the seasonal decline, the job openings performance was subpar.

New business incorporations increased during October. There were 75 more incorporations this month than in

September, and that growth betters the usual, seasonal trend.

The net gain in business telephone access lines decreased in October, but that's normal for the month. The access line figure excludes extensions to already existing primary lines, and so, is an indicator of growth in the number of business places.

The number of building plans examined by state officials increased by 133 from September to October...not a large increase for this month. The plans include only commercial and industrial building projects and are examined for safety.

WISCONSIN LABOR FORCE

Employment decreased, unemployment rose and the state's labor force shrank in October. Those sound like grim facts. However, the September-to-October changes were slight and, so, optimistic.

The statewide employment level decreased by 2,400, for example. Employment in October usually does decline - by much more than that. Since 1975, the average decrease is over 11 thousand; one year ago, employment decreased by 6,500 workers.

And, while unemployment rose by 1,600 this month, the average October increase is nearly 4 thousand. This October's unemployment growth is well below the normal, seasonal growth for the month.

The total labor force level decreased by just 800, a very small drop for October. October's labor force movement is only one-half step backward instead of the usual one.



WISCONSIN ECONOMIC INDICATORS

INDICATOR	UNIT	MONTHLY SERIES			% CHANGE		AVG.	
		Latest Month		Mo/Ago	Yr/Ago	Mo/Ago	Yr/Ago	1984
LEADING INDICATORS								
L1 COMPOSITE INDEX OF LEADING INDICATORS								
Seasonally Adjusted	INDEX	88.6	Oct	86.0	70.4	3.0	25.9	70.1
L2 AVG. WORK WEEK, MFG.								
Unadjusted	HOURS	41.0	Oct	41.2	40.6	-0.5	1.0	41.1
Seasonally Adjusted		41.2		41.0	40.8	0.5	1.0	
L3 AVG. OVERTIME HOURS, MFG.								
Unadjusted	HOURS	3.4	Oct	3.8	3.2	-10.5	6.2	3.2
Seasonally Adjusted		3.3		3.2	3.1	3.0	6.5	
L4 AVG. WEEKLY INITIAL CLAIMS								
Unadjusted	NUMBER	8,179	Oct	6,608	11,860	23.8	-31.0	10,817
Seasonally Adjusted		7,864		9,661	11,402	-18.6	-31.0	
L5 TOTAL JOB OPENINGS REC.								
Unadjusted	NUMBER	8,657	Oct	10,433	9,110	-17.0	-5.0	8,694
Seasonally Adjusted		8,683		8,971	9,140	-3.2	-5.0	
L6 NEW BUSINESS INCORPORATIONS								
Unadjusted	NUMBER	568	Oct	493	554	15.2	2.5	562
Seasonally Adjusted		583		483	568	20.7	2.6	
L7 NET GAIN IN BUSINESS PHONES ACCESS LINES								
Unadjusted	NUMBER	995	Oct	1,385	53	-28.2	1777.4	328
Seasonally Adjusted		1,240		1,214	295	2.1	320.3	
L8 BUILDING PLANS EXAMINED								
Unadjusted	NUMBER	769	Oct	636	719	20.9	7.0	487
Seasonally Adjusted		560		602	524	7.0	6.9	
ROUGHLY COINCIDING INDICATORS								
C1 HELP-WANTED INDEX (MILW.)								
Seasonally Adjusted	INDEX	57	Sep	54	52	5.6	9.6	52
C2 UNEMPLOYMENT RATE, TOTAL								
Unadjusted	PERCENT	6.2	Oct	6.2	6.4	-	-	7.4
Seasonally Adjusted		6.6		6.8	7.6	-	-	
C3 NATURAL GAS SALES								
Unadjusted	MIL THERMS	127.0	Sep	116.4	126.5	9.1	0.4	252.5
Seasonally Adjusted		240.5		244.5	239.6	-1.6	0.4	
C4 NEW CAR REGISTRATIONS								
Unadjusted	NUMBER	24,712	Oct	18,242	19,105	35.5	29.3	16,066
Seasonally Adjusted		22,569		18,734	17,453	20.5	29.3	
C5 ELECTRIC POWER SALES								
Unadjusted	MIL. KWH	1924.6	Sep	2000.6	1837.9	-3.8	4.7	1865.8
Seasonally Adjusted		1951.9		1847.6	1864.6	5.6	4.7	
C6 TOTAL SECURITIES REGISTRATIONS								
Unadjusted	MIL. DOL.	60.1	Oct	71.4	66.3	-15.2	-9.4	89.4
Seasonally Adjusted		62.2		68.7	68.6	-9.5	-9.3	

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WISCONSIN ECONOMIC INDICATORS

INDICATOR	UNIT	MONTHLY SERIES			% CHANGE		AVG.	
		Latest Month		Mo/Ago	Yr/Ago	Mo/Ago	Yr/Ago	1984
C7 MANUFACTURING EMPL.								
Unadjusted	THOUS.	518.4	Oct	525.2	524.6	-1.3	-1.2	518.3
Seasonally Adjusted		513.8		509.9	519.9	0.8	-1.2	
C8 AVG. WEEKLY EARNINGS, MFG.								
Unadjusted	DOLLARS	421.48	Oct	416.94	403.56	1.1	4.4	412.46
Seasonally Adjusted		424.88		419.88	406.77	1.2	4.5	
C9 CASH RECEIPTS FROM FARM MKTG.								
Unadjusted	MIL. DOL.	428.6	Sep	411.0	417.4	4.3	2.7	428.0
Seasonally Adjusted		436.5		391.1	425.0	11.6	2.7	
C10 CONTRACT CONSTRUCTION EMPL.								
Unadjusted	THOUS.	67.6	Oct	67.5	65.2	0.1	3.7	58.3
Seasonally Adjusted		59.8		59.6	57.7	0.3	3.6	
OTHER KEY INDICATORS								
X1 BIRTH REGISTRATIONS								
Unadjusted	NUMBER	6,283	Oct	6,433	7,226	-2.3	-13.1	6,101
Seasonally Adjusted		6,372		6,115	7,329	4.2	-13.1	
X2 DEATH REGISTRATIONS								
Unadjusted	NUMBER	3,417	Oct	3,381	3,726	1.1	-8.3	3,438
Seasonally Adjusted		3,445		3,468	3,756	-0.7	-8.3	
X3 NATURAL NET GAIN POPULATION								
Unadjusted	NUMBER	2,866	Oct	3,052	3,500	-6.1	-18.1	2,663
Seasonally Adjusted		2,930		2,617	3,579	12.0	-18.1	
X4 MARRIAGE REGISTRATIONS								
Unadjusted	NUMBER	4,732	Oct	5,047	4,981	-6.2	-5.0	3,420
Seasonally Adjusted		4,377		3,641	4,608	20.2	-5.0	
X5 CONSUMER PRICE INDEX (MILW.)								
Unadjusted	INDEX	332.4	Sep	331.1	324.0	0.4	2.6	320.6
X6 PRICES RECEIVED BY FARMERS								
Unadjusted	INDEX	130	Oct	127	143	2.4	-9.1	144
Seasonally Adjusted		131		127	144	3.1	-9.0	
X7 NET GAIN IN RESIDENTIAL PHONES ACCESS LINES								
Unadjusted	NUMBER	2,683	Oct	4,588	1,744	-41.5	53.8	750
Seasonally Adjusted		1,342		744	1,305	80.4	2.8	
X8 LABOR DISPUTES, NO. OF WORKERS								
Unadjusted	NUMBER	675	Oct	910	750	-25.8	-10.0	520
Seasonally Adjusted		435		498	484	-12.7	-10.1	
X9 UNEMPL. COMPENSATION EXHAUSTEES								
Unadjusted	NUMBER	25,486	Oct	26,585	26,096	-4.1	-2.3	28,186
Seasonally Adjusted		27,552		27,100	28,225	1.7	-2.4	

B

LABOR FORCE ESTIMATES

WISCONSIN LABOR FORCE ESTIMATES OCTOBER	(In Thousands)			Pct. Chg.	
	Latest Month	Month Ago	Year Ago	Month Ago	Year Ago
<i>Unadjusted</i>					
CIVILIAN LABOR FORCE	2391.4	2392.2	2417.0	0.2	-0.9
Employment (Inc. Labor Disputes)	2242.2	2244.6	2262.5	-0.1	-0.9
Unemployment	149.2	147.6	154.4	4.1	-0.5
Unemployment Rate	6.2	6.2	6.4	-	-
<i>Seasonally Adjusted</i>					
CIVILIAN LABOR FORCE	2380.9	2371.8	2438.3	0.4	-2.4
Employment (Inc. Labor Disputes)	2224.8	2211.2	2254.1	0.6	-1.3
Unemployment	156.1	160.6	184.2	-2.8	-15.3
Unemployment Rate	6.6	6.8	7.6	-	-

WISCONSIN EMPLOYMENT ESTIMATES OCTOBER	(In Thousands)			Pct. Chg.	
	Latest Month	Month Ago	Year Ago	Month Ago	Year Ago
TOTAL NONFARM WAGE AND SALARY WORKERS	2019.6	2021.6	1990.0	-0.1	1.5
<i>Unadjusted</i>					
Manufacturing	517.7	524.3	523.9	-1.3	-1.2
Mining	2.1	2.1	2.0	0.0	5.0
Contract Construction	67.6	67.5	65.2	0.1	3.7
Transportation and Public Utilities	92.1	92.1	92.3	0.0	-1.3
Elec., Gas and Sanitary Services	17.3	17.3	17.1	0.0	1.2
Wholesale Trade	101.6	101.1	101.6	0.5	0.0
Retail Trade	378.7	381.6	367.1	-0.8	3.2
General Merchandise	49.2	48.0	50.0	2.5	-1.6
Finance, Insurance and Real Estate	107.2	107.4	103.5	-0.2	3.6
Banking	29.0	29.0	27.8	0.0	4.3
Insurance	33.6	33.5	32.5	0.3	3.4
Service and Miscellaneous	422.8	426.2	411.4	-0.8	2.8
Hospitals	66.6	66.7	69.0	-0.1	-3.5
Private Education	24.6	24.1	25.7	2.1	-4.3
Government	330.0	319.2	322.8	3.4	2.2
State Government	84.7	83.3	84.0	1.7	0.8
Local Government	217.5	208.3	212.1	4.4	2.5

UNITED STATES LABOR FORCE ESTIMATES OCTOBER	(In Thousands)			Pct. Chg.	
	Latest Month	Month Ago	Year Ago	Month Ago	Year Ago
<i>Seasonally Adjusted</i>					
CIVILIAN LABOR FORCE	116,159	115,818	114,016	0.3	1.9
Employment	107,867	107,544	105,649	0.3	2.1
Unemployment	8,291	8,274	8,367	0.2	-0.9
Unemployment Rate	7.1	7.1	7.3	-	-

MANUFACTURING EMPLOYMENT (Unadjusted) OCTOBER	(In Thousands)		
	Latest Month	Month Ago	Year Ago
All Manufacturing (Including Canning)	517.7	524.3	523.9
All Manufacturing (Excluding Canning)	504.1	503.7	509.7
Durable Goods	316.4	316.1	322.9
Lumber and Wood Prod., (Except Furniture)	22.4	22.4	21.7
Sawmills and Planning Mills	3.2	3.2	3.2
Millwork, Veneer, Plywood & Prefab. Wood Prod.	10.0	10.0	9.9
Furniture and Fixtures	11.6	11.3	11.0
Household Furniture	5.0	4.9	4.7
Stone, Clay and Glass Products	7.4	7.4	7.5
Concrete, Gypsum and Plaster Products	3.3	3.2	3.1
Primary Metal Industries	19.6	19.7	20.5
Iron and Steel Foundries	10.9	11.0	11.6
Fabricated Metal Products	48.4	49.2	50.9
Heating Equipment (Except Electrical) & Plumbing Fixtures	4.8	4.9	5.3
Fabricated Structural Metal Products	12.0	12.1	12.1
Metal Stampings	11.6	11.8	12.6
Machinery (Except Electrical)	101.6	101.2	103.7
Engines and Turbines	18.7	18.5	20.4
Farm Machinery and Equipment	13.0	12.9	13.6
Const., Min. & Material Handling Mach. & Equip.	9.9	9.8	11.2
Metalworking Machinery and Equipment	12.2	12.3	11.8
Special Industry Machinery (Except Metalworking)	11.5	11.5	11.1
General Industrial Machinery and Equipment	14.6	14.7	15.4
Service Industry Machines	7.6	7.6	8.0
Electrical Machinery, Equipment and Supplies	49.7	49.4	52.8
Electrical Industrial Apparatus	18.0	17.9	18.2
Household Appliances	6.5	6.5	7.0
Transportation Equipment	34.5	34.3	33.6
Motor Vehicles and Equipment	26.7	26.7	26.9
Instruments and Related Products	10.8	10.7	10.9
Miscellaneous Manufacturing	10.3	10.4	10.3
Nondurable Goods	201.3	208.2	201.1
Food and Kindred Products	66.4	73.6	66.8
Meat Products	14.7	14.8	14.3
Dairy Products	18.9	18.8	17.9
Canning and Preserving	13.6	20.6	14.2
Bakery Products	3.9	3.9	4.0
Beverage Industries	7.8	8.0	8.7
Textile Mill Products	4.9	5.1	4.8
Knitting Mills	4.1	4.3	4.0
Apparel and Other Finished Products	6.9	6.9	6.4
Paper and Allied Products	47.1	46.8	47.1
Pulp and Paper Mills	29.1	29.1	29.1
Converted Paper and Paperboard Products	9.6	9.6	9.6
Paperboard Containers and Boxes	7.1	7.0	7.1
Printing, Publishing and Allied Industries	37.9	37.6	36.7
Newspapers	12.0	11.9	11.5
Commercial Printing	15.6	15.6	15.4
Chemicals and Allied Products	10.0	10.0	10.0
Rubber and Misc. Plastics Products	20.8	20.9	20.9
Miscellaneous Plastics Products	16.7	16.8	16.4
Leather and Leather Products	7.0	7.0	8.1
Leather Tanning and Finishing	1.7	1.6	1.9
Footwear (Except Rubber)	3.6	3.7	4.3
Other Nondurable Goods	-	-	-

C

WISCONSIN EARNINGS AND HOURS DATA

EARNINGS AND HOURS (Unadjusted) OCTOBER	Average Weekly			Average Weekly		
	Earnings			Hours		
	Latest Month	Mo. Ago	Yr. Ago	Latest Month	Mo. Ago	Yr. Ago
All Manufacturing (Incl. Canning)	\$421	\$417	\$404	41.0	41.2	40.6
All Manufacturing (Excl. Canning)	429	426	410	41.3	41.1	40.8
Durable Goods	436	431	417	41.3	41.0	40.8
Lumber/Wood Prod. (Exc. Furn.)	312	314	298	41.0	41.3	40.0
Furniture and Fixtures	327	324	303	42.0	42.4	40.9
Stone, Clay and Glass Products	414	416	396	43.4	43.6	41.6
Primary Metal Industries	411	404	403	41.6	40.6	41.7
Iron and Steel Foundries	414	413	412	41.9	40.9	41.9
Fabricated Metal Products	409	408	404	40.2	39.9	40.1
Fab. Structural Metal Prod.	434	444	419	43.1	43.2	42.2
Metal Stampings	404	407	384	39.7	39.7	38.7
Machinery (Except Electrical)	485	482	473	41.8	41.7	41.5
Engines and Turbines	512	501	498	40.4	39.9	41.3
Farm Machinery and Equip.	548	542	518	42.6	42.1	42.1
Const. and Related Mach.	492	497	489	42.9	43.0	41.3
Metalworking Mach. and Equip.	526	525	494	42.3	42.8	42.0
Spec. Ind. Mach. (Exc. Metal)	509	522	481	43.9	44.6	43.1
Gen. Industrial Mach. and Equip.	496	497	482	40.9	41.0	41.3
Electrical Mach., Equip. and Supp.	397	394	395	39.7	39.4	40.8
Electrical Industrial Apparatus	413	413	434	39.1	39.0	41.6
Transportation Equipment	601	574	516	43.1	41.7	40.0
Instruments and Related Prod.	344	363	349	38.9	40.3	40.2
Nondurable Goods	400	396	382	40.7	41.5	40.2
Food and Kindred Products	358	347	340	39.2	41.1	38.4
Meat Products	353	343	313	39.2	39.1	37.5
Dairy Products	396	404	380	41.0	41.6	39.9
Textile Mill Products	280	281	284	39.1	39.3	41.4
Apparel and Other Fin. Prod.	251	254	234	40.4	40.8	37.7
Paper and Allied Products	545	545	507	45.8	45.9	45.0
Pulp and Paper Mills	590	593	546	46.7	47.0	45.8
Printing, Pub. and Allied Prod.	414	439	408	38.1	39.4	38.0
Chemicals and Allied Products	444	438	447	40.6	40.9	41.8
Rubber and Misc. Plastics Prod.	323	317	326	39.4	38.5	40.0
Leather and Leather Products.	252	248	250	39.3	38.7	37.7

WISCONSIN EARNINGS AND HOURS DATA

EARNINGS AND HOURS (Unadjusted) OCTOBER	Average Hourly Earnings Including O.T.			Average Hourly Earnings Excluding O.T.		
	Latest Month	Mo. Ago	Yr. Ago	Latest Month	Mo. Ago	Yr. Ago
All Manufacturing (Incl. Canning)	10.28	10.12	9.94	9.88	9.76	9.60
All Manufacturing (Excl. Canning)	10.39	10.37	10.06	9.99	9.98	9.72
Durable Goods	10.56	10.52	10.21	10.21	10.19	9.91
Lumber/Wood Prod. (Exc. Furn.)	7.60	7.61	7.44	7.47	7.52	7.38
Furniture and Fixtures	7.78	7.65	7.41	7.47	7.43	7.37
Stone, Clay and Glass Products	9.55	9.53	9.52	9.23	9.20	9.21
Primary Metal Industries	9.89	9.96	9.66	9.49	9.58	9.28
Iron and Steel Foundries	9.88	10.10	9.84	9.56	9.79	9.49
Fabricated Metal Products	10.17	10.23	10.07	9.81	9.85	9.64
Fab. Structural Metal Prod.	10.08	10.27	9.94	9.58	9.72	9.51
Metal Stampings	10.18	10.25	9.92	9.94	9.99	9.75
Machinery (Except Electrical)	11.61	11.56	11.40	11.31	11.28	11.04
Engines and Turbines	12.68	12.55	12.06	12.35	12.31	11.73
Farm Machinery and Equip.	12.87	12.88	12.30	12.41	12.45	12.02
Const. and Related Mach.	11.48	11.55	11.83	11.25	11.32	11.59
Metalworking Mach. and Equip.	12.44	12.27	11.75	11.92	11.76	11.14
Spec. Ind. Mach. (Exc. Metal)	11.60	11.71	11.15	10.97	10.98	10.60
Gen. Industrial Mach. and Equip.	12.13	12.12	11.66	11.83	11.80	11.23
Electrical Mach., Equip. and Supp.	10.01	10.01	9.67	9.72	9.73	9.47
Electrical Industrial Apparatus	10.56	10.59	10.44	10.28	10.26	10.36
Transportation Equipment	13.95	13.76	12.89	13.30	13.16	12.52
Instruments and Related Prod.	8.84	9.01	8.69	8.75	8.89	8.50
Nondurable Goods	9.83	9.55	9.50	9.35	9.10	9.09
Food and Kindred Products	9.13	8.44	8.85	8.70	8.09	8.48
Meat Products	9.00	8.78	8.35	8.64	8.46	8.14
Dairy Products	9.67	9.71	9.52	9.23	9.24	9.10
Textile Mill Products	7.17	7.16	6.86	6.96	6.91	6.63
Apparel and Other Fin. Prod.	6.21	6.23	6.21	6.06	6.01	6.15
Paper and Allied Products	11.91	11.87	11.27	11.29	11.28	10.80
Pulp and Paper Mills	12.63	12.61	11.93	12.01	11.99	11.45
Printing, Pub. and Allied Prod.	10.86	11.15	10.74	-	-	-
Chemicals and Allied Products	10.94	10.71	10.70	10.63	10.45	10.44
Rubber and Misc. Plastics Prod.	8.21	8.23	8.16	7.97	7.99	7.86
Leather and Leather Products	6.41	6.40	6.62	6.23	6.19	6.53

SUMMARY OF RECENT WISCONSIN DATA

EARNINGS AND HOURS, MFG. Production Workers (Unadjusted) OCTOBER	Average Weekly						Average Hourly Earnings				
	Earnings			Hours			Including O.T.			Excluding O.T.	
	Latest Month	Month Ago	Year Ago	Latest Month	Month Ago	Year Ago	Latest Month	Month Ago	Year Ago	Latest Month	Month Ago
United States	\$388	\$389	\$374	40.7	40.8	40.5	9.54	9.54	9.24	-	-
Wisconsin	421	417	404	41.0	41.2	40.6	10.28	10.12	9.94	9.88	9.76
<i>Selected Areas</i>											
Appleton-Oshkosh (Calumet- Winnebago-Outagamie)	438	435	415	43.2	43.2	42.3	10.15	10.06	9.80	9.65	9.59
Beloit (City)	393	386	351	42.1	41.1	37.7	9.34	9.39	9.30	-	-
Eau Claire (Eau Claire-Chippewa)	433	432	425	42.2	41.8	42.2	10.26	10.33	10.07	9.81	9.96
Fond du Lac (County)	390	363	387	40.3	41.0	42.3	9.67	8.86	9.16	8.96	8.49
Green Bay (Brown County)	472	470	431	42.9	43.0	41.1	11.01	10.94	10.49	10.27	10.20
Janesville (City)	620	516	438	43.9	39.0	37.6	14.13	13.23	11.65	13.68	13.07
Janesville-Beloit (Rock County)	530	467	395	43.0	39.8	38.1	12.33	11.73	10.38	11.83	11.54
Kenosha (County)	470	480	454	39.2	39.6	39.2	11.98	12.12	11.57	11.63	11.65
La Crosse (County)	354	355	343	39.4	39.4	39.0	8.98	9.01	8.80	8.79	8.83
Madison (Dane County)	393	386	383	40.8	41.3	41.0	9.64	9.34	9.34	9.25	8.96
Manitowoc (County)	352	346	339	39.0	38.8	39.0	9.02	8.91	8.69	8.73	8.61
Milwaukee (Milwaukee-Ozaukee- Waukesha-Washington)	469	472	460	40.7	40.8	40.8	11.53	11.57	11.27	11.00	11.00
Racine (County)	424	418	428	40.0	39.3	39.9	10.61	10.64	10.72	10.25	10.30
Sheboygan (County)	371	371	389	39.8	39.7	40.3	9.33	9.35	9.65	9.21	9.20
Wausau (Marathon County)	410	418	396	41.9	42.6	41.6	9.79	9.82	9.52	9.39	9.40

EMPLOYMENT, MFG. (Unadjusted) OCTOBER	(In Thousands)			Percent Change	
	Latest Month	Month Ago	Year Ago	Month Ago	Year Ago
United States	19,467.0	19,513.0	19,673.0	-0.2	-1.0
Wisconsin	517.7	524.3	523.9	-1.3	-1.2
<i>Selected Areas</i>					
Appleton-Oshkosh (Calumet- Winnebago-Outagamie)	48.5	48.5	47.3	0.0	2.5
Beloit (City)	5.4	5.5	5.8	-1.8	-6.9
Eau Claire (Eau Claire-Chippewa)	9.1	9.0	9.2	1.1	-1.1
Fond du Lac (County)	9.9	10.7	10.9	-7.5	-9.2
Green Bay (Brown County)	23.8	24.1	23.5	-1.2	1.3
Janesville (City)	10.9	11.0	8.0	-0.9	36.2
Janesville-Beloit (Rock County)	18.7	18.8	16.0	-0.5	16.9
Kenosha (County)	12.2	12.4	16.1	-1.6	-24.2
La Crosse (County)	11.1	11.1	11.1	0.0	0.0
Madison (Dane County)	21.9	22.2	20.6	-1.4	6.3
Manitowoc (County)	11.4	11.4	11.7	0.0	-2.6
Milwaukee (Milwaukee-Ozaukee- Waukesha-Washington)	167.6	167.6	175.8	0.0	-4.7
Racine (County)	25.1	25.0	26.0	0.4	-3.5
Sheboygan (County)	18.3	18.6	19.9	-1.6	-8.0
Wausau (Marathon County)	11.7	11.6	11.2	0.9	4.5

WISCONSIN'S ECONOMIC OUTLOOK

by David H. Peterson and Gene Schubert

Department of Revenue

The current forecast for the national economy calls for continued moderate economic growth with low but gradually increasing inflation. The national economy is forecast to grow by 2.9 percent in 1986 and by 3.5 percent in 1987. Inflation as measured by the consumer price index is expected to be 3.3 percent in 1986 and 4.1 percent in 1987.

Despite the somewhat weak performance of the U.S. economy in 1985, growth is expected to quicken in 1986 based on recent events in the financial markets. The Federal Reserve Board has been pursuing a relatively accommodative monetary policy for the past year in response to the weak economic performance experienced in the first half of this year. The growth in the nation's basic money supply (M1) averaged 10.9 percent between September 1984 and September 1985, with the growth rate during the last six months of that period averaging 14.3 percent. The exact significance of this relatively rapid growth in the money supply is the subject of some debate among economists. Strict monetarists take this rapid growth as a sign of accelerating economic growth in 1986 and warn of the potential for a resurgence of inflation if this policy continues. This interpretation has led some economists to forecast real growth in 1986 of 4 percent to 5 percent. Other economists discount the rapid money supply growth noting that the growth in the "traditional" M1 measure, currency plus demand deposits, has been slower and that the forecast growing component of M1 has been the interest bearing checking accounts.

Despite the ambiguity of the money supply figures, recent trends in interest rates are clearly favorable. Interest rates at all maturities have

been falling during 1985. The interest rate on three month Treasury bills has fallen from 8.2 percent in the first quarter of 1985 to 7.1 percent in the third quarter. The interest rate on 30 year Treasury bonds has also fallen from 11.6 percent in the first quarter to just under 10 percent at the most recent Treasury auction. This favorable interest rate environment is expected to continue and is a source of strength for 1986.

The Federal Reserve Board is expected to continue its accommodative policy into 1986 for a variety of reasons. First, the financial system is still facing a number of potential serious problems. Domestically, agricultural debt presents significant difficulties and the Third World debt problem, although apparently under control, is far from resolved. Second, the inflation rate is quite low and to date shows no sign of a major resurgence. This makes a tight money policy difficult to justify. Third, the Federal Reserve Board has recently negotiated an agreement with the central banking authorities of the major industrialized countries to lower the price of the dollar on foreign exchange markets. The agreement to coordinate policies and market interventions puts pressure on the Federal Reserve to supply dollars to foreign exchange markets and to keep U.S. interest rates relatively low.

To date, the effort to depreciate the dollar has had some success. The trade-weighted value of the dollar has fallen about 15 percent since its peak in the first quarter of this year. Although the decline to date has not shown any dramatic effect on the U.S. balance of trade, an improved net export situation is expected after a lag of 9 to 12 months. The current

forecast assumes that the dollar will decline further by 18 percent during 1986 and provide a significant source of strength for the U.S. economy as American producers become more competitive in both foreign and domestic markets.

As the U.S. economy enters its fourth consecutive year of growth, none of the major economic forecasters are predicting a recession. This is explained by the absence of the typical end of recovery problems. Inventory levels are still low relative to sales. Although a substantial inventory accumulation is not probable, neither is a substantial inventory correction. Capacity utilization remains in the 80 percent range and the economy in general shows no indication of supply problems. Finally, the inflation rate remains low and the Federal Reserve has no justification to induce a recession with a tight monetary policy.

Nevertheless, areas of weakness do exist. Consumers have accumulated a substantial amount of debt during the recovery. The ratio of consumer installment credit to disposable income has reached a record level of 18.9 percent. The current forecast does anticipate some reduction in the growth of consumer spending, but no abrupt decline. The current forecast also depends on the assumption of an improvement in the Federal government budget deficit. Fiscal policy is assumed to follow the August budget resolution for fiscal 1986 and somewhat stronger deficit reduction measures in fiscal 1987. The fiscal policy assumptions of the current forecast permits interest rates to remain low and the dollar to decline. Mishandling of the deficit problem by the Federal government would lead to higher interest rates, a stronger dollar and slower economic growth.

The current forecast calls for real GNP growth of 2.6 percent during the

first half of 1986 with growth increasing to 3.6 percent during the second half as the effects of a lower dollar begin to have a positive effect on net exports. Real GNP continues to grow at a 3.6 percent rate during the first half of 1987 and then slows to 2.5 percent in late 1987 as the Federal Reserve slows money growth and the dollar stabilizes.

Investment spending is forecast to improve in 1986. Although nonresidential construction is expected to decline in response to current overbuilding and high vacancy rates, investment in producers' durable equipment is expected to resume growth in response to increased production. Housing starts are forecast to increase in 1986 to the 1.9 million level as home buyers take advantage of lower mortgage interest rates.

Net exports are forecast to make a positive, instead of negative, contribution to GNP in both 1986 and 1987. In recent years, imports have grown more rapidly than exports which suppresses domestic production. Reversal of this pattern is an important element of current forecast. Exports are forecast to grow by 13 percent and 18 percent in 1986 and 1987 respectively. Imports are forecast to grow by about 9 percent in both years.

Wisconsin Outlook

Wisconsin's employment outlook for the next year should improve after the economy paused during 1985. Two important factors, a lower dollar exchange rate and continued declines in interest rates, should condition the Wisconsin economy for a resumption of growth and help the export prospects of manufacturing industries in the state. The prospect for 1986 is one of steadily increasing employment growth throughout the year, continuing into early 1987. A decline in interest rates will help boost orders and sales of Wisconsin's

capital goods manufacturers, and a concomitant fall of the dollar will weaken the demand for foreign goods and make U.S. made goods more competitive in the international marketplace.

Employment growth is not expected to be strong enough to produce marked improvements in the state unemployment rate, however, with employment gains just sufficient to absorb new labor market entrants, keeping the employment rate nearly even with current levels. Employment gains will likely be modest compared to the past because of the lead time needed to translate a more favorable international setting into additional jobs. In addition, businesses are likely to maintain a cautious labor strategy in order to remain competitive.

The recent employment evidence from Wisconsin bears out the fact that the economy has slowed in the last few quarters. Total nonfarm employment in Wisconsin, measured on a seasonally adjusted basis, grew by only 3,300 jobs during the April-June period, then fell by 10,900 jobs in the third quarter. Prior to that, total employment in Wisconsin grew at annual rates averaging nearly 4 percent for 8 consecutive quarters, as employment trends in Wisconsin have generally followed national trends during the last two years. In 1984, Wisconsin employment grew sharply at a 4.1 percent rate. Total nonfarm employment increased by 75,700 and included the recovery of 33,700 manufacturing jobs. However, the slowing national economy has led to a reduced employment growth rate in Wisconsin as well as other states this year.

While the facts of a recent economic slowdown cannot be contested, there is no evidence that the recovery is over. Indications that the severe imbalances related to the merchandise trade deficit and federal budget deficit are gradually being corrected

suggest that employment growth in Wisconsin will gradually respond to better conditions in the year ahead.

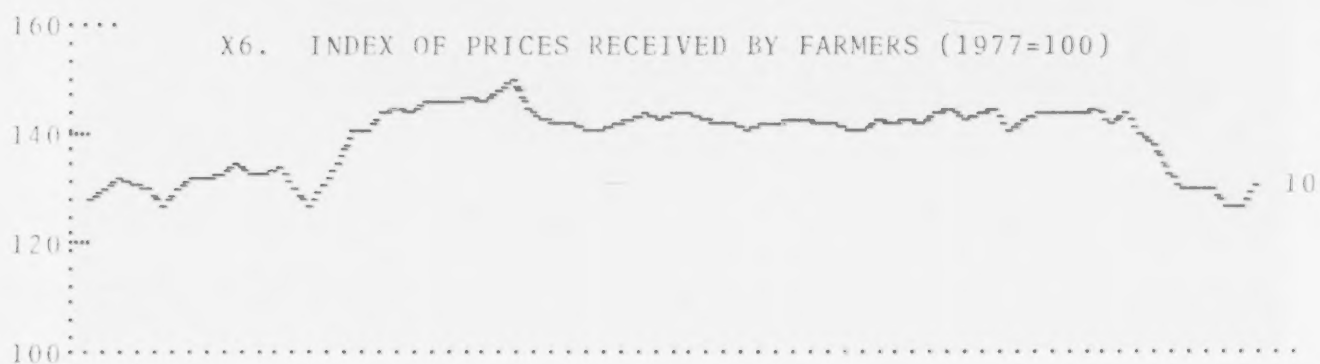
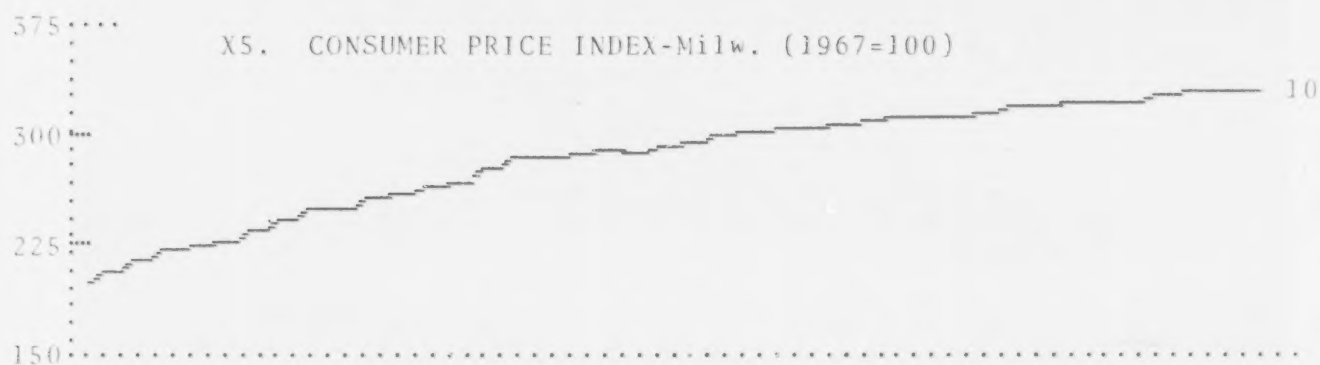
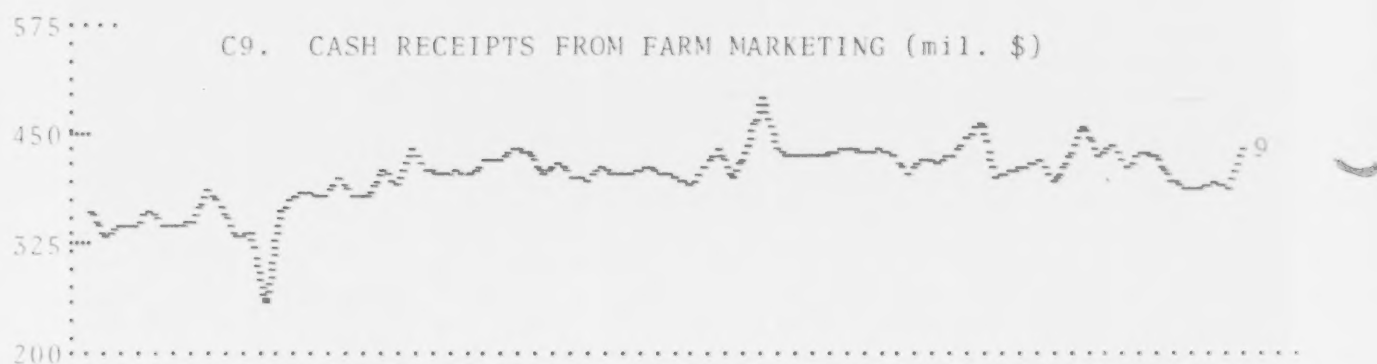
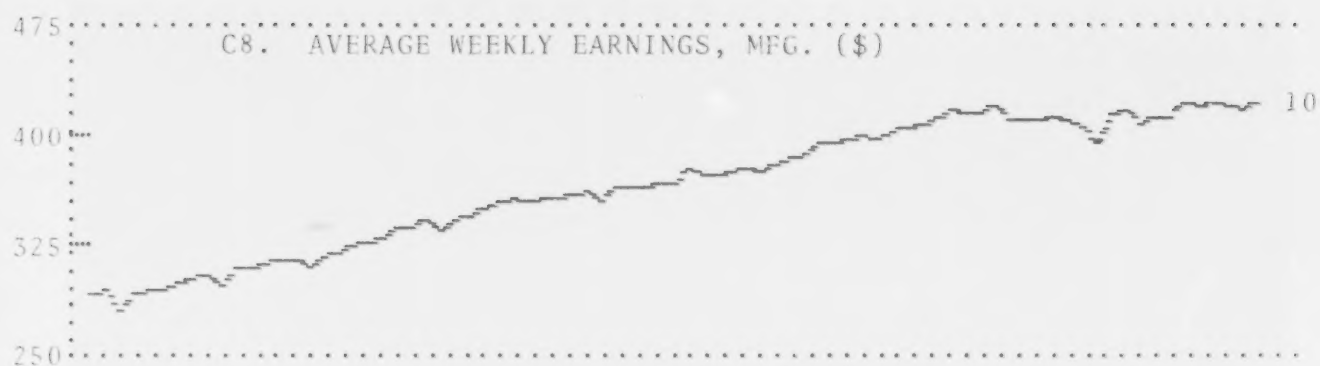
The recent weakness in Wisconsin employment has affected nonmanufacturing industries as well as manufacturing. Total manufacturing employment now stands at 10,000 below the end of last year. The very recent slowdown in trade and service employment probably represents a correction to slowdowns in income and consumption. As the prospects for goods production improves in response to declining interest rates and an improved dollar situation, Wisconsin manufacturing employment levels should recoup the jobs that were lost this year. These factors portend increasing employment growth rates throughout next year so that fourth-quarter over fourth-quarter growth rates of 2.0 percent for total employment represent a truer picture of the expected cyclical rebound from current conditions than the year-over-year employment growth of 1.4 percent. Total employment growth in 1987 is expected to be 2.0 percent over 1986, but with some tailing-off of employment growth during the last half of the year.

The recent income situation for Wisconsin, and for the nation as well, has been distorted by the newly-revised farm income picture. The new data from the Bureau of Economic Analysis shows that farm proprietors' income in Wisconsin rose from a level of 0.9 billion in 1983 to 1.8 billion in 1984. Farm income has historically been much more volatile than other sources of income, but the special events of 1983 and 1984 have caused the measurement of farm income to appear more unstable than usual. First, the PIK program reduced crop production in 1983, thus lowering 1983 farm income estimates because the U.S. Department of Commerce definition of income is based on current production. Grain sales and livestock production were maintained in 1983

(Continued on back cover)

WISCONSIN EMPLOYMENT FORECAST
(Thousands of Workers, Annual Average)

	1983	1984	1985	1986	1987
MANUFACTURING	484.2	517.9	513.6	516.2	526.1
DURABLES	295.7	321.7	315.9	316.7	324.5
LUMBER PRODUCTS	20.2	21.5	21.6	22.5	22.8
STONE, CLAY, GLASS	7.8	7.4	7.0	7.1	7.2
PRIMARY METALS	17.6	19.9	19.8	19.9	20.5
FABRICATED METALS	48.6	50.9	49.2	48.6	50.2
NON-ELECT. MACHINERY	92.7	102.3	101.6	102.3	106.0
ELECTRICAL MACHINERY	49.1	52.6	49.9	47.6	48.4
TRANS. EQUIPMENT	33.3	36.1	34.6	36.7	36.7
OTHER DURABLES	26.3	31.1	32.4	32.1	32.6
NONDURABLES	188.5	196.2	197.7	199.4	201.6
FOOD PRODUCTS	61.7	62.7	63.2	63.7	64.0
PAPER PRODUCTS	46.7	47.2	47.0	47.0	47.4
PRINTING & PUBLISHING	33.6	36.2	37.6	38.6	40.2
CHEMICALS	9.3	9.8	9.9	10.2	10.1
RUBBER & PLASTICS	17.7	20.5	20.9	21.3	21.3
OTHER NONDURABLES	19.5	19.6	19.0	18.6	18.6
MINING	1.9	1.8	1.8	1.9	1.9
CONSTRUCTION	57.7	58.3	60.5	60.8	62.2
TRANS., COMM., UTILITIES	87.1	88.1	90.5	91.8	93.8
FINANCE, INSUR., REAL EST.	98.6	102.2	106.5	110.0	114.4
TRADE	433.3	453.8	472.2	484.6	498.2
SERVICES	388.6	403.9	418.3	426.0	437.1
GOVERNMENT	312.4	313.4	320.2	320.6	319.3
TOTAL EMPLOYMENT (Nonfarm)	1863.7	1939.4	1983.6	2011.9	2053.0

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(Continued from page 11)

through a lowering of farm inventories. Second, a large proportion of PIK payments were received in early 1984. This exaggerated 1984 farm income. Without PIK, farm income and total personal income would have appeared much less volatile during the last two years, with total personal income higher in 1983 and lower in 1984.

The outlook for Wisconsin income is for moderate growth in 1986 (3.9 percent), followed by a healthier gain in 1987 (6.7 percent). Average annual

growth in personal income for the two year period is 5.3 percent. Weak growth in interest income as interest rates continue their expected decline is a significant restraining factor. The farm income outlook is a negative factor over the next two years. Farm proprietor's income is projected to fall by more than 30 percent from 1985 to 1987. Continued attempts to reduce federal spending programs can also be expected to reduce the growth rates of transfer payments, which currently are the third largest component of total personal income.